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14 January 1964

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CENTRAL

INTELLIGENCE

BULLETIN



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*Panama: [The President Chiari is under continuing pressure to stick to his demands concerning substantial revision of the Canal Zone treaty.]

[Unequivocal statements by some Panamanian ambassadors and cabinet ministers tend to commit Chiari to a strong stand against the US. According to Panama radio, Foreign Minister Solis declared on 13 January that there will be no resumption of relations with the US until there are "concrete indications" that Washington is willing to negotiate a new treaty.]

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[The President, [redacted] will probably not be able to ignore these officials or his powerful advisers. The inflammatory broadcasts being made by Panamanian radio stations will also help keep pressure on Chiari.]

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[Attempts may be made to oust Chiari during the present confusion.]

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[Although the situation in Panama has calmed considerably, and the National Guard has established firmer control, any minor incident could set off new violence.]

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*Zanzibar: The new African regime appears to be in political control of Zanzibar Island but is having difficulty restoring public order and curtailing looting by its armed militants.

A self-styled field marshal--believed to be a Kenya-born member of the Zanzibar police--has been issuing radio bulletins on behalf of the revolutionary council. The ministers of the ousted Arab-dominated government are under arrest and their coalition parties, including a Pemba-based African party, have been banned.

Kenya and Uganda have recognized the new government and Tanganyika is expected to do so soon. Some 50 Americans were evacuated safely yesterday. There are no reports on the situation on Pemba Island.

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*Mexico: President Lopez Mateos has contracted double pneumonia, [REDACTED]

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Since there is no vice president in the Mexican hierarchy, Lopez Mateos' death at this time would put in motion machinery which handles the succession in two stages. A standing parliamentary commission would immediately select a successor who, in turn, would be replaced by a president elected by the legislature to fill out the unexpired term. Lopez Mateos' term expires on 1 December.

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Gustavo Diaz Ordaz, a political moderate who is the presidential candidate of the ruling Party of Revolutionary Institutions and the certain winner in the elections next July, would have a strong voice in the selection of an interim president. [REDACTED]

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*Bolivia: Bolivia appears to be in for a period of acute instability following the national convention of the ruling MNR party opening on Friday.

US Ambassador Henderson reports that the rapid polarization of political forces around President Paz and Vice President Lechin is leading to a crisis situation. He notes the possibility that Lechin may attempt an early overthrow of the government if he is denied the presidential or vice-presidential nomination. A successful coup, however, would appear to be contingent on Lechin's winning over some of the security forces which presently are loyal to Paz.

Short of a coup attempt, the prospects are for strikes, rural unrest, and disturbances in the cities. These may be touched off by Lechin himself or by Paz attempting to restore his authority over the mining areas which have always been a Lechinist stronghold.

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*British Guiana - Ghana: [Ghana has offered to mediate British Guiana's internal political difficulties.]

[The proposal, contained in a letter from Nkrumah, was recently conveyed to Guianese political leaders by Quaison-Sackey, Ghana's UN delegate. The latter proposed that a Ghanaian delegation visit Georgetown next month to help the parties achieve a common front. Quaison-Sackey suggested that all three Guianese political parties work out a mutually acceptable platform and propose an early date for independence.]

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[Quaison-Sackey subsequently told Prime Minister Williams of Trinidad that he had succeeded in getting the Guianese leaders to agree to postponement of elections for five years and to the formation of a national coalition to facilitate early independence. This claim is not substantiated. Opposition leader Forbes Burnham is [redacted] willing to receive a Ghanaian delegation, but doubtful of reaching an agreement with Jagan on a coalition.]

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[The Ghanaian proposals will probably be discussed further at the Caribbean "summit" conference now in session in Jamaica.]

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Egypt: Egypt has achieved one of its major economic goals by selling an unusually large part of its 1963/64 cotton crop to the West.

These sales reduce Egypt's dependence on Soviet bloc purchases, and will ease the country's acute shortage of foreign exchange. In recent years, the bloc has generally taken about 60 percent of the crop. This year, increased domestic requirements and commitments to Western buyers have left no more than half the crop for export to Communist countries.

At the same time, the Egyptians have been able to raise prices, and hard-currency earnings from cotton should reach about \$112 million, an increase of nearly 30 percent over 1962/63.

The Egyptians also have been able to get the bloc to accept Egyptian-made cotton yarn and cloth, thus earning more than they would from the same quantity of raw cotton. Cairo plans to continue to push sales of manufactured products. It evidently anticipates continued strong demand for raw cotton as well, since it is planning record cotton plantings in the coming year.

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DAILY BRIEF

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NOTES

USSR: The USSR has decided to cut back the strength of its armed forces, according to recent public statements by top Soviet officials. Khrushchev told a Western newsman on 30 December that the reduction was already being carried out. There is no indication of the size of the intended cutback, and no evidence of troop strength reductions has been noted.

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France-Cuba: Pressure from French business interests that have lost contracts to other Western companies may force the government to reconsider its policy of refusing to guarantee credits for Cuban purchases in France. A Foreign Ministry official has indicated that Paris may approve the extension of credits amounting to \$8 million over a three-year period for Cuban purchases of trucks, tractors, and bulldozers. The French are refusing credit on yet another deal involving the sale of 20 locomotives for \$10 million, but say they cannot block it if the Cubans are prepared to pay cash.

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